

**ARIZONA STATE PARKS BOARD
RED ROCK STATE PARK
4050 RED ROCK LOOP RD., SEDONA, AZ
OCTOBER 19, 2006
MINUTES**

Board Members Present

William Porter, Chairman
William Cordasco
William Scalzo
Reese Woodling
Elizabeth Stewart

Board Members Absent:

Mark Winkleman

Staff Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administration
Cristie Statler, Executive Consultant
Debi Busser, Executive Secretary

Attorney General's Office

Joy Hernbrode, Assistant Attorney General
Nathan Sidel, Paralegal

A. CALL TO ORDER - ROLL CALL – 9:00 A.M.

Chairman Porter called the meeting to order at 9:04 a.m.

B. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

Chairman Porter stated there was no need for introductions except from the Attorney General's Office.

Ms. Hernbrode introduced Mr. Nathan Sidel. Mr. Sidel has been in her office for about three weeks. As soon as he passes the Bar in February he will be picking up some of her legal work for Arizona State Parks (ASP). Until then, he will assist as a paralegal.

C. CONSENT AGENDA

- 1. Approve Minutes of July 19, 2006 State Parks Board Planning Meeting**
- 2. Approve Minutes of September 21, 2006 State Parks Board Meeting**
- 3. Consider Recommending State Trails System Nominations – Staff and ASCOT recommend the Agua Fria River Corridor, Arizona Trail – Alamo Canyon Passage and Arizona Trail – White Canyon Passage for inclusion into the State Trails system. ASCOT and staff do not recommend the Yuma West Wetlands Water Trail for inclusion in the State Trails System.**
- 4. Revised FY 2007 Federal Funds – Historic Preservation Operating Budget – Staff recommends that the Board approve the revised FY 2007 Federal Funds –**

Historic Preservation operating budget as a lump-sum and that the Executive Director be authorized to implement the program.

Chairman Porter noted that at the September Board meeting he pulled the Minutes from the Board Planning Meeting held July 19, 2006 indicating he wanted more time to go through them a little more intensely. He originally thought he might try to re-word some of it to make them a little smoother. He finally decided that they communicated well and that he didn't really want to go through them and tweak them. He does not have any changes to them.

Ms. Stewart requested that the September Minutes be pulled from the Consent Agenda.

Chairman Porter stated that he had a correction to the September Minutes where the Board discussed the San Bernardino Ranch. There was a figure quoted that was attributed to him that said 5% would be \$100,000 – it is \$200,000. He requested that correction be made in those minutes. Five percent of \$4M is \$200,000.

Chairman Porter stated that, with the exception Consent Agenda Item 2, he would entertain a motion to approve the Consent Agenda.

Mr. Scalzo made a motion to approve the Consent Agenda with the exception of Agenda Item 2. Mr. Cordasco seconded the motion. The motion carried unanimously.

Mr. Scalzo made a motion to approve the Minutes from the September 21, 2006 Board meeting with the figure of \$100,000 being changed to \$200,000. Mr. Cordasco seconded the motion. The motion carried with Ms. Stewart abstaining due to not having been present at that meeting.

D. BOARD ACTION ITEMS

- 1. Purchase of Land at Verde River** – Staff recommends that the Arizona State Parks Board direct the Executive Director to purchase the above identified Parcel 11, after completion of due diligence required by Parks' Land Acquisition Process and other Board-approved procedures; and further that the Parks Board allocate not more than \$610,000 from the Arizona Heritage Fund/Natural Areas Acquisition for the purchase. Staff further recommends for staff with NAPAC to continue to explore more creative ways to acquire the above identified Parcel 2 for the greatest protection of the natural area values while partnering with the town of Camp Verde and Verde River Properties, LLC to establish any necessary educational and visitor use facilities (possibly) outside of a designated Natural Area.

Mr. Ream reported that staff has made a recommendation for the purchase of the Simonton property in Camp Verde. There are two proposed motions for this property. He prefers the one on page 7.

Mr. Ream reported that this property is 20 acres. It will be the first parcel on the Verde River Greenway Phase II that the Board recognized back in March as a concept for expansion of the Greenway from Bridgeport Bridge down to Beasley Flats. The Town of Camp Verde brought this property to staff. A developer owns this property. It is on the water. Ms. Stewart requested the evaluation from NAPAC and he provided that

information this morning. NAPAC has been on the property and they telephonically made the recommendation that is included on page 7 of the Board Packet. It is only for Parcel 11. They want the Board to continue to work with them on Parcel 2 and then bring it back to the Board at a later date.

Mr. Ream stated he is comfortable with NAPAC's recommendation. He would like to get started on the Verde River Greenway Phase II. This gives the Board a start; staff needs to work out some sort of management or lease agreement with the city for what they want to do down there. This is how the parcels on the Greenway will "pop up". This might be the first in a line of 10 this year; but it might be the last on for the next 10 years. One just never knows how this will go. As Mr. Travous has previously stated, this will not happen in our lifetime – probably not in even our children's lifetime. It is a big, big concept.

Mr. Travous added that a working group of people met yesterday that included some City Council members from the Verde Valley (Cottonwood, Jerome, Camp Verde), representatives from SRP, The Nature Conservancy (TNC), and ASP staff. For lack of a better word he calls them his "brain trust". They have pledged to meet once a quarter to discuss the valley as a whole to look "through the limbs" to see what's good for the Verde River corridor. Something could happen that's 2-3 miles away from the river itself that would mean more water would end up in the Verde River – a good thing. This will be a partnership over the years. At this point, the Board may need the City to help monitor what is going on down there. They are separate parcels and, in essence, outriggers for the Board now. Staff do not anticipate much going on down there. Because we're not close, we could certainly use the City's help just to ensure something isn't going on down there until we get further along with the project.

Ms. Stewart noted that Mr. Ream had sent out the staff's review and that it raised a lot of questions – both legal and practical – about management. In tying it to the strategic planning that the Board will talk about later, it seems to her that this is a real opportunity for the Board to take a leadership role and to avoid some of these legal pitfalls of an issue of being perceived as giving a gift of public property by turning this property over to the City. It seems to her that the Board ought to be entering into a lease agreement where they pay the Board. Staff should develop a standard lease agreement to be used on all of these properties that clearly sets forth the standards for managing and protecting a natural area. A group of people met two days in September to come up with a protocol for monitoring the Greenway. This would dovetail perfectly with that where all the standards are set and they are charged a fair market value for leasing the land. After all, they want a park and they want the Board to purchase this parcel so they can have their park there.

Chairman Porter asked if Ms. Stewart were speaking mainly about Parcel 2 or 11.

Ms. Stewart responded that they are all connected. The Enviroseum also wants to use Parcel 11.

Mr. Travous stated that he told staff this is all down-the-road. They should concentrate on getting the land now and see what falls out of it.

Chairman Porter noted that he did not understand this to mean the Board would be bound to specifically turn this parcel over to the City.

Mr. Travous responded that that had been discussed months ago. Then other things came up, such as how solid the enviroseum group is. Right now the Board will just own the property and ask people to assist in monitoring until some of those standards are in place.

Ms. Stewart stated that this is the time to purchase this property; but it's also perhaps appropriate to make it clear that the Board should not give away state property. The Board needs to be getting a return on it and should be communicating that. If the Board does not have the ability to monitor itself the Board should contract with a third party that would monitor all these properties the Board plans to turn over to other entities for day-to-day management to keep the same level of protection all along the properties. The lessee should be responsible for the cost of that monitoring. Mr. Ream agreed it was a workable plan to do something along those lines.

Chairman Porter asked if staff are on that wavelength.

Mr. Travous agreed. He noted that it's not just what the Board is doing; it's what others are doing. The Forest Service has property in the middle of this piece and SRP is buying property for specific purposes. It will take everyone talking about what happens. ASP is taking the leadership.

Ms. Stewart agreed and added that these people were at the meeting in September (Forest Service, TNC, etc.) TNC led the meeting. It's all part of monitoring this area. ASP should be taking some of the standards that come out of those meetings and use and apply them to all the properties.

Mr. Travous noted that he is talking on a much larger-scale than just on this ground.

Mr. Scalzo asked if we are also obtaining water rights with this.

Mr. Ream responded that he did not think so.

Mr. Scalzo noted that water rights give standing. If we have no standing, we can't do much to help restrict the drainage reduction. Somewhere we need to get water rights.

Mr. Ream responded that that is all part of the due diligence that is necessary for ASP to purchase the property. Due diligence has not been completed. The motion is to ask the Executive Director to purchase the property.

Mr. Travous added that the appraisal would say whether or not there are water rights.

Mr. Scalzo asked if the ASP has a clear legal access to the property.

Mr. Ream responded that that is all part of due diligence that has not yet been completed. If these are requirements that this Board wants for this property, then it could be included in the motion. The motion is only to direct the Executive Director to purchase this property if all due diligence is done. Staff do have certain criteria in the Acquisitions procedures to ensure those things the Board is talking about are met. He is not sure about water rights. Whenever staff purchase riparian areas for the protection

of habitat the water rights are often severed from them because of the development that was traded off.

Mr. Scalzo stated he would be more comfortable if the Board had those items clearly delineated prior to acquisition. He has run into problems with that. He believes it is significantly important to the Board, especially with the problems with the Verde and what's going to happen in the future.

Mr. Travous noted that this property is in the flood plain. The water we need is not water we will have to apply to the ground. It will be water that is going to come up and down as the river moves up and down.

Mr. Woodling asked if Mr. Scalzo was talking about surface or underground water rights.

Mr. Scalzo responded that it gives one standing with the State. He has a partner on property that is jointly owned and he has no water rights.

Mr. Ream responded that could be inserted as part of the motion. He knows that's part of the due diligence process. Staff are still going through that process. Because of meeting schedules, staff are asking for permission to move ahead so we can keep the seller interested in ASP as well. He does not think this property would be unpopular to other people. It is a developer suggesting this is something good for the community.

Ms. Stewart noted her confusion in that on the one hand it appeared the Board would be entering into these agreements down-the-road but now there's discussion about the city monitoring this property. That language needs to be included in the motion if the Board is going to enter into some kind of agreement.

Mr. Travous responded that he was thinking about something informal where when they're down there they'd make sure no one's dumping trash on it. Right now it's not going to take much from a management standpoint.

Ms. Stewart stated that one of our rangers driving by once a week would be more than adequate.

Mr. Cordasco noted that this property is relatively remote. Nothing's going to change unless Simonton Development was allowed to move forward with their project. Then there would be a need to monitor the property.

Ms. Stewart stated that she would hate to get into an informal arrangement and then they think it's some kind of permanent arrangement. She would rather staff monitor it until all the protocols are established. Turning property over informally is a good way to get into lawsuits.

Chairman Porter asked if the Board would like to make a motion on this issue.

Board Action

Mr. Scalzo: I move that the Arizona State Parks Board direct the Executive Director to pursue purchase of the above-identified Parcel 11 after completion of due diligence required by Parks' Land Acquisition Process and other Board-approved procedures,

including examination of water rights and legal access. An amount of not more than \$610,000 from the Arizona Heritage Fund/Natural Areas Acquisition shall be used for this purpose. I further move for staff to investigate different acquisition and management negotiations for the above-identified Parcel 2.

Mr. Woodling seconded the motion.

Mr. Cordasco asked if it wouldn't be better to "authorize" the purchase rather than "pursue" because things change. Let's get it locked in and give the Board the opportunity to make sure that the due diligence has been fully accepted by the Board.

Mr. Scalzo, maker of the motion, agreed to change the motion to read "authorize the purchase" rather than "pursue the purchase" and to include Mr. Cordasco's language at the end of the motion.

Ms. Hernbrode clarified Mr. Scalzo's motion to be that ASP staff look at the water rights and the access and not that they are a requirement for purchase.

Mr. Scalzo responded that he wants staff to identify whether they are there and bring that information back with the purchase agreement.

Ms. Hernbrode asked if staff are authorized to purchase if there is no access and no water rights.

Chairman Porter responded that it has to come back to the Board for final approval.

Mr. Scalzo noted that Mr. Cordasco's language was that it go into escrow and then come back for final approval.

Ms. Stewart noted that the agency would lose money if the Board backed out of the deal. She wasn't sure the Board could plan to get it in Escrow and then back out.

Chairman Porter asked how long it would take to see if the Board would have water rights and access.

Mr. Ream responded he could find out in a few minutes.

Mr. Cordasco noted that he did not interpret the reason the Board was purchasing this property to be because it had water rights or access. He thought it was simply a clarification to ensure the due diligence is being fully thought-through, that the Board is fully knowledgeable about what is included in that purchase price, and that clearly this is a direction the Board is headed with Verde Greenway and acquisition of this property based on the appraisal, etc. He believes everyone is saying the same thing.

Ms. Stewart responded that she doesn't believe the Board can buy if there's no access, but might be able to buy it without the water rights as long as the Board knows that's what it's buying.

Mr. Scalzo stated that he would like to know whether or not the Board would have water rights. He would like to see access.

Chairman Porter tabled this issue until Mr. Ream could get the answers on the questions of water rights and access.

2. Rules – Staff recommends that the Board approve the Proposed Rules for publication in the Arizona Administrative Register by the Secretary of State.

Mr. Siegwarth reported that staff hired a professional Rule writer to assist in getting our Rules through. Staff are re-doing 19 of the Rules the Board approved at the last meeting. In meeting with the professional Rule writer and the Secretary of State, staff found that they really had problems with 1 of the 5 remaining Rules that staff were not touching. In other words, we had regulations in title. They wanted us to open the docket and fix it. The professional Rule writer noted there are only five left and suggested doing them all and putting them into Rulespeak that would be approved by GRRC. The intent was not to change anything in the Rules as far as meaning; it is just to clarify them and put them in a more proper form for GRRC.

Mr. Siegwarth added that he printed out another copy of the Rules that includes the corrections.

Ms. Stewart asked if staff realized the way these Rules are written staff are required to amend the Rules every single year that new fees are adopted. She referred to page 5, C of the handout where it says, "entrance, camping and overnight parking fees for each state park are listed in Exhibit A." If staff want to amend that Exhibit, staff have to go through the Rule process every time they do it. She wants staff to understand what they are committing themselves to.

Mr. Siegwarth noted that all that was changed was where it said "can be found under Exhibit A" now reads "are listed in Exhibit A".

Ms. Hernbrode added that the Board has a specific statutory exemption for Rulemaking that says fees charged by the State Parks Board are exempt from the Rulemaking process. She assumed that specific statute, no matter what is put in here, stands.

Ms. Stewart asked if this should be in here. If the Board wants to change this exhibit, it cannot change an exhibit to a Rule.

Ms. Hernbrode explained that every time the Board updates that exhibit, it is updated on the Secretary of State's website.

Ms. Stewart stated that because the copy that was E-mailed to her was unreadable, she would not be able to vote on them today.

Chairman Porter asked if there is specific time pressure for the Board to approve this.

Mr. Siegwarth responded that staff hoped to have all 24 Rules finalized in February. If the Board does not give approval today, it means they won't be published until December. In January the Board would approve for final Rulemaking. They would be published again. Rather than finalizing in February, it would probably be April.

Ms. Stewart noted that it is important to do them right. She spoke with the Chairman prior to the last meeting and requested they be delayed to this meeting. There were a couple that were incomprehensible. It is important that everyone reading them interpret them the same way. There are some things such as on page 4, B, it says that the Board shall ensure the fees are posted at each park and printed in state park

literature intended for public information. She felt the Board would want to include the website.

Ms. Hernbrode responded that she would not recommend putting that in Rules because of the continuing technology problems with websites. If it goes down, the Board would be in violation of Rules. She encourages the Board to place those fees on the website as a courtesy but not require them to be placed on the website.

Chairman Porter stated he is prepared to go forward with the Rules today.

Board Action

Mr. Woodling: I move that the Board approve the Proposed Rules for publication in the Arizona Administrative Register by the Secretary of State.

Mr. Scalzo seconded the motion. The motion carried with Ms. Stewart voting Nay.

E. EXECUTIVE STAFF UPDATES

2. Resolution Copper/Tamo

Mr. Siegwarth referred to page 11 of the Board packet. Staff hope the bill passes during the lame duck session after the election and are proceeding as though the bill will pass and everything remains on schedule. If the bill does not pass in the lame duck session, staff will have to take a step back in January and look at how fast they want to proceed with this.

Mr. Siegwarth noted that staff are moving forward with the survey, the requirements for the R&PP, and setting up a training program to transfer some of the climbing expertise from the founders to our staff. Everything hangs on the federal legislation at this point.

Mr. Scalzo noted that from what he reads the paper, Rep. Renzi is the key person in the House. It appears he will be back.

Mr. Travous responded that while it appears Rep. Renzi will be back, if Congress changes and the Democrats achieve majority, the problem will be that they will spend November and December rearranging committees. It will be hard for Rep. Renzi to get it through during that time. He noted that Rep. Renzi was chastised by *The Republic* for not getting it through last summer. Even though there were issues that needed resolution, it would have certainly been much easier to do then. He only gives it a 20%-30% chance of passing after a lame duck session, particularly if Congress changes. If that happens, we could be 2 years out. Rep. Jeff Flake could become a part of the committee.

Ms. Stewart commended staff on the report.

3. San Bernardino Ranch Acquisition

Mr. Travous reported that the Board knows about as much as staff do. Progress is being made. It is in Mr. Finks' court. He was going to write to the US Fish and Wildlife Service.

Chairman Porter responded that the ball is in their court. Mr. Finks sent that letter to Fish and Wildlife. He felt that letter stated his position that he would be very happy to have it roll to Fish and Wildlife if, in fact, they give him the guarantees he wants that it will remain as a museum and that they make a park out of it and enter into some kind of agreement with the Board very well. Mr. Finks' intent is that if they don't do that he doesn't intend to have them receive it. The ball is really in their court. He doesn't know whether Mr. Bill Radke has responded in any way to that letter. Everyone seems to be very agreeable with the idea of ASP being involved.

Chairman Porter added that he saw in that letter that, as part of all of that, his foundation will have to negotiate a financial arrangement with ASP or the parties involved adequate to cover operations for at least 2-3 years. He believes that it is moving forward and that there is nothing the Board can do with it at this point except see what plays out.

Ms. Stewart noted that it may not have to be a state park. The Malpai Group might want to operate the museum.

Chairman Porter responded that that would not be acceptable to that foundation.

Mr. Woodling agreed. He noted that he spoke with Mr. Radke after Malpai's Executive Meeting where Mr. Ream spoke. Mr. Radke noted that it could be a year before Mr. Finks signs off.

Ms. Stewart questioned whether the Board is prepared to move forward on this project.

Chairman Porter responded that it would have to come back to the Board for approval.

Ms. Stewart noted that she is not questioning so much whether the Board would approve it but, rather, if Mr. Travous feels strongly that the agency is not in a position to do it, then the Board should not encourage them with all this language.

Chairman Porter responded that he believed that they dealt with those concerns after the last meeting. If, in fact, Fish and Wildlife were prepared to help with staffing and payment of some of the operational costs and with Malpai coming in with their portion, it is in fact doable – especially if we don't have to work it into a budget issue for 2-3 years because of additional funds coming in. The Board is not messing anyone up in that regard. If Fish and Wildlife doesn't give him the guarantees he wants or subsequently we, as Parks, say no then it will not go to Fish and Wildlife. He will continue to operate it. He has reached the point where he is determined that if ASP can't do it, there is no one else he is comfortable with that will. It's out of the Board's hands for the moment. He is optimistic. He believes it is moving well.

Mr. Travous noted that we need legislation to operate it as a state park. We are not there yet. If Mr. Finks doesn't put too many constraints on management of visitation to the park and provides adequate money, we could go down there on an intermittent basis.

4. Potential UP-SP Railroad Switching Yard Project Near Picacho Peak State Park

Mr. Travous reported that he spoke with Mr. Winkleman about this issue. It is on state land. It has come up as an issue by some people in the area. Mr. Winkleman assured him that it is just some people from Tucson talking. They have not negotiated "if, and, or where". There could be a switching yard somewhere along there. The fear is that it will be directly across from the state park. Mr. Winkleman said that is not necessarily the case. They are in the beginning stages of talking about the need for a switching yard.

Chairman Porter noted that the Board would want to signal to everyone concerned that the Board has a concern about it and they should know it up front.

Mr. Woodling noted that he was contacted by Mr. Herb Kai. He asked whether this Board would come up with a Resolution or statement that would state the Board's opposition to a switching yard across from Picacho Peak State Park on that particular piece of state land. Mr. Kai farms on that land. In view of the discussion between Mr. Winkleman and Mr. Travous he was not sure a resolution or statement would be needed.

Upon Mr. Ream's return to the meeting, Chairman Porter returned to Agenda Item D.1.

D. BOARD ACTION ITEMS

1. Purchase of Land at Verde River

Mr. Ream reported that he called Mr. Simonton who stated that, yes, there is physical access to his property on Parcel 11 and no, there are no surface rights because it was never used as agricultural land.

Chairman Porter stated that the tabled motion as it stands before the Board is as it reads but with the addition of the words that as part of due diligence they will determine access and water rights. It does not limit or say staff cannot buy it if they aren't there. If the Board members vote "Yes" it is to go ahead and purchase the parcel assuming that the due diligence is done.

Mr. Cordasco noted that the motion had been amended because Mr. Scalzo mentioned "pursuit".

Ms. Hernbrode requested, on behalf of the secretary, that the motion be restated.

Board Action

Mr. Scalzo: I move that the Arizona State Parks Board direct the Executive Director to purchase the above-identified Parcel 11 after completion of due diligence, including determination of water rights and access required by Parks' Land Acquisition Process and other Board-approved procedures. An amount of not more than \$610,000 from the Arizona Heritage Fund/Natural Areas Acquisition shall be used for this purpose. I further move for staff to investigate different acquisition and management negotiations for the above-identified Parcel 2.

Mr. Woodling seconded the motion. The motion carried unanimously.

Chairman Porter noted that the Board has also made it clear it would prefer to not have an outside entity involved who may become paternalistic about the parcel.

E. EXECUTIVE STAFF UPDATES

5. Update on Arizona State Parks and Friends Groups

Ms. Hernbrode stated that she was not prepared to make that report at this time. She requested it be postponed to the November Board meeting and that it be placed on the Agenda as Executive Session.

6. Sedona Fire District

Chairman Porter noted that there is a representative from the Sedona Fire District present to address the Board on this issue. He stated that, while the Board would be willing to hear from him for at least a few minutes, he believes that, after discussions with staff, the Board is not in a position to do anything in the immediate future. There is a lot of additional discussion that needs to go on between staff and the district to determine if we are even the right place and whether the Board can do what needs to be done. We may not be the right place. He doesn't think anything the Board has heard today will enable them to say they do or do not want to move forward.

Mr. Ream responded that Metro Chief Matt Shoebert is present. Staff have worked with Chief Shoebert. There have been proposals for both inside and outside the park. The most recent finding was that the property outside the park that seemed to solve all of staff's issues was not feasible for the building of a fire station nor would it be acceptable to a community group who's goal is to keep the area along Oak Creek beautiful. It was later determined, because of the Sedona issue regarding this area in the town of Sedona that this park was developed with Land and Water Conservation Funds (LWCF) money. Restrictions were placed on the park for recreational purposes. That further limits the Board's ability to provide a spot on this property for the Fire Department. As soon as he heard that he called Chief Shoebert and apprised him of this fact and faxed him the information staff has. He told Chief Shoebert he should come to this meeting because there is an MOU that says staff would help with this situation. In light of what staff learned, he believes the Board needs to work with Chief Shoebert, bring the Forest Service back in, and perhaps bring ADOT back in and find a way to all work together. The Brins fire proved Oak Creek is vulnerable. Slide Rock State Park is vulnerable. While the Staff Update shows there are more "pros" than "cons", when it comes to the safety of our visitors, the "cons" certainly have a heavy weight to them as well. He believes the Board owes it to the Fire District to help them pursue a site using whatever the Board has at its disposal possibly not on Slide Rock State Park property, but certainly within Oak Creek Canyon that would be suitable. He doesn't believe the Board can say "No" to them.

Chairman Porter noted that Board can't say "Yes" to them and can't say "No" to them either.

Ms. Stewart noted that, if the figures presented are accurate, 70% of the calls are actually at the park. There is added protection in having the protection on the park.

She doesn't know what the difference would be between that and the park having its own First Aid station. She noted that Mr. Scalzo may have some experience in this area.

Mr. Scalzo responded that his experience has all been negative. It is inflexible. The Board has to get equal or greater land and it is a long process. They got a small parcel in the 1970s (5-7 acres) and they still haven't been able to work things out to dispose of it even though they can use the funds to buy trails which they desperately need.

Mr. Travous added that he knows of only one time in the history of the LWCF nationwide where it's ever been twisted to make it work and that was with a diamond mine in Arkansas. It was a state park. DeBeers of Africa and London got involved and Congress passed a temporary non-conforming use to allow DeBeers go in and look for diamonds. It is a tough statute.

Chief Matt Shoberbert addressed the Board. He thanked the Board and staff for the opportunity once again to speak to this issue. He brought along some schematics that were drawn up over the years of the proposed facility. The numbers have changed since the discussion began 3 1/2 years ago on this issue. They discovered first-hand the potential of what could happen in the canyon June 18 during the Brins Fire. Just because it happened once doesn't mean it won't happen again. In a few short years that area will be grown back. Six months from now we'll be looking at the same catastrophic fire scenarios that we had this past summer.

Chief Shoberbert stated that, optimally, he wished it were possible to come to some sort of agreement on this. He doesn't know what the political environmental issues are that the Board faces on this issue. From his vantage point it just seems to improve upon the safety and security of Oak Creek Canyon as well as Slide Rock State Park. It appears that it's not a viable option. When the negative issues are on the surface, we need to find out one way or another whether we can make this work. We have been talking about it for 3 1/2 years. At that time, their lease was to expire in 7 years. They are now looking at a 3-year window at Indian Gardens. He asked that, if it makes sense, we work together and try to figure out the issues. If it isn't feasible, then let's part ways and continue the good relationship we have.

Chairman Porter stated that he is hearing that realistically the Board cannot do anything on the park with a fire station.

Ms. Stewart noted there is a possibility if the Forest Service were to give ASP Slide Rock.

Mr. Travous responded that that is not likely to happen. Even if it were, the statutes require land of equal value and utility. The utility of the land would be different and the values, based upon the presumption that one can get a value and that there is land for sale, would be different. He thinks we almost have to go back and start pressuring the Forest Service to look at some of the land it has and say, "Look, the Fire District is protecting Forest Service land, let's find a place on Forest Service land and work with Congress to get it passed."

Chairman Porter agreed that it is in ASP's best interests to have it in close proximity to our park.

Mr. Scalzo stated he liked Mr. Ream's suggestion of getting the Forest Service together with the Fire District and the City and help them pursue it. The Forest Service can do it much more readily. It simply needs an Act of Congress which isn't the hardest thing for them to do. The Forest Service is the biggest beneficiary.

Mr. Shoenert noted that he believed the Forest Service have a vested interest in trying to find something up there as well. The Fire District is currently about 9 miles south.

Ms. Stewart noted she feels badly that this has gone on for more than 3 years.

Chairman Porter stated that he believed, unfortunately, that Chief Shoenert has his answer, which is that the Board cannot do it.

Chairman Porter noted that Mr. Lee, Town of Camp Verde, was present and wished to speak on the issue of the Verde Greenway acquisition. He noted that the Board already voted to go ahead with the purchase of Parcel 11 assuming all the due diligence meets the Board's requirements.

Mr. Bill Lee, Town of Camp Verde, stated he was pleased that the Board decided to move forward with the purchase of this land. He looks forward to working with ASP. This is a beautiful piece of property.

Mr. Travous noted that he might be able to get SRP to take the Board on a helicopter tour up and down the Verde. He asked that the Board let him know if they have an interest in doing that.

Chairman Porter called for a recess at 10:07 a.m.

Chairman Porter reconvened the meeting at 10:18 a.m.

Because the representatives from NAU were not present to discuss the NAU Hostel/House of Apache Fire, Chairman Porter moved to Agenda Item E.8.

8. San Rafael Easement

Mr. Woodling reported that in May, when he was confirmed as a member of the Board, he received a phone call from TNC. They were very concerned at that time that there were things going on at San Rafael that were beyond the scope of the Easement insofar as the monitoring of Mr. Ross Humphreys' 18,000 acres that are under the easement. He met with TNC and heard their take on it. Then he got a call from Mr. Humphreys in August that said he was very disappointed in the monitoring that had been done by the AZ Game and Fish Commission (who had been contracted by ASP to perform the monitoring). He felt it went way beyond the scope of rangeland monitoring. They were coming back on in August. Mr. Humphreys stated to him that if AZ Game and Fish came on the property in August he would call the Sheriff and have them forcibly removed and lock the gates. He would then file a lawsuit against ASP. He would prevent anyone from coming on his land until this issue was resolved.

Mr. Woodling noted that the last thing he wanted was a lawsuit. He's known Mr. Humphreys for about 20 years and knows he's a very good conservation rancher. He's had other ranches; he has some state leases. The bottom line is that TNC arranged a meeting with Messrs. Travous and Humphreys that Messrs. Ream and Woodling also

attended. He ended up being more of a mediator. Mr. Humphreys threatened to call his attorney unannounced. He had a speaker phone in the room. Mr. Travous said the meeting could not proceed if Mr. Humphreys had an attorney and he didn't. At Mr. Woodling's request to not call the attorney, Mr. Humphreys did not make the call.

Mr. Woodling noted that there were some things that came out of that meeting that Messrs. Travous and Humphreys agreed on. He went down again the following week and spent a day with Mr. Humphreys on the ranch. The ranch is in fine shape. One thing that came out of the mediation meeting was that Mr. Humphreys does not want AZ Game and Fish monitoring the property; Mr. Woodling does not want Game and Fish monitoring the property. They are not set up to perform rangeland monitoring. They can do biological monitoring – but that's a completely different deal. They contacted George Ruyle, the head of Natural Resources at the University of AZ (UA). There was a meeting attended by Mr. Ream, TNC, Mr. Walt Meyers, George Ruyle, and Mr. Woodling. Mr. Ruyle, of the UA, will do the monitoring. They have the top people in their field. He, along with his crew, will perform the monitoring in December. Mr. Humphreys is very excited about the fact that the UA will perform the monitoring. A draft report will be ready in March for Messrs. Humphreys, Ream, Travous and Woodling to review.

Ms. Stewart noted that Mr. Woodling started off by saying that TNC felt the monitoring was beyond the scope of the easement. She asked what they felt went beyond that scope.

Mr. Woodling responded that he read part of that Draft monitoring report they came up with. He feels what they were doing was biology – research going beyond the scope of what the easement calls for on rangeland monitoring. When a team of biologists are sent to a ranch, the rancher is very concerned that something may be found that is not conducive to ranching practices that would raise issues. That is not what the easement calls for. The easement calls for plain rangeland monitoring on a yearly basis. Mr. Pete Sundt, a private consultant, went there and set up 22 plot sites to monitor – four of which are on ASP's 3,000 acres and 18 on Mr. Humphreys' 18,000 acres. During the meeting with Mr. Ruyle, and at the mediation meeting with Messrs. Travous and Humphreys, it was agreed to follow Mr. Sundt's recommendations. Mr. Humphreys and Mr. Woodling are comfortable that that easement is being monitored in a proper, scientific, and good way.

Mr. Ream added that Mr. Ruyle's crew includes Mr. Meyers, and Mr. John Hays, Jr. Mr. Hays, Jr. is the son of former Parks Board member and Senator of the State John Hays. Mr. Ream stated he has had subsequent discussions with Mr. Ruyle where Mr. Ruyle asked him how comfortable he was with adding some of ideas Joanne Roberts brought up. He had Ms. Roberts, our biologist, contact Mr. Ruyle because she has some concerns based on the original monitoring plan and somewhere in between. Mr. Ruyle thinks she has some great ideas that he'd like to approach Mr. Humphreys to incorporate. Those ideas will be presented as a proposal to Mr. Humphreys. The Board will get a robust monitoring there. Ms. Roberts is encouraged by the addition of Mr. Ruyle to this project. This is a great partnership. He has been approached by the NRCS to increase their involvement with staff.

Mr. Cordasco stated he thought this was wonderful. He noted they add a further depth to the project.

Mr. Travous added that having Mr. Woodling involved makes him much more comfortable with it. He has done so much of this kind of work in the southern part of the state. He was the fireman at this meeting. He appreciates Mr. Woodling.

Chairman Porter added that the Board is very grateful.

Ms. Stewart added that it sounds like he's been able to come up with something that the conservationists and the ranch managers will feel good about.

Mr. Woodling thanked Ms. Stewart for bringing up the words "ranch manager". Mr. Humphreys doesn't have a ranch manager. One of his concerns is that he wears a lot of hats – he's a ranch owner; he's the ranch manager; he's the ranch cowboy – he does it all. He doesn't know who to talk to. When he's the owner he wants to talk to Mr. Travous; when he's the ranch manager he wants to talk to Mr. Ream. He has issues with who to talk to in ASP. Mr. Woodling believes those issues have been resolved. He told Mr. Humphreys that Mr. Ream is the top person; Mr. Travous has turned it over to Mr. Ream. Mr. Humphreys appears to be starting to understand that. For the first time, Messrs. Travous and Humphreys are talking across the table without red faces and clenched fists. This is a good sign.

Chairman Porter thanked Mr. Woodling and noted that he did a real service to the Board.

Mr. Woodling responded that he wants easements to work and that he wants ASP to have other easements down the road. Ranchers need to be more trusting.

Mr. Travous reported that there will be a holiday reception at the San Rafael Ranch and the Parks Board is invited. The Foundation Board members are also invited.

Chairman Porter then moved to Agenda Item E.9 while equipment was being set up for a presentation.

9. Arizona State Parks' Report to ADEQ

Mr. Ream reminded the Board that the agency is under a Consent Order with AZ Dept. Environmental Quality (ADEQ). Staff are doing their utmost to get out from under that Consent Order. As staff investigates our systems the more we find out there is to know. He referred to a very complete report on page 17 of the Board Packet. This report is not much different than the last report the Board received. He reported staff let out an RFP and are in negotiations with an engineering firm. Items listed on the Self-Assessment forms are those that the agency will have to correct in order to meet the Consent Order. It will cost about \$2M before everything is done. Those funds have been set aside.

Mr. Cordasco noted he had another question on the San Rafael. He asked if the Natural Areas group is the one that was putting the monitoring report together a year or two ago. He was receiving E-mails from someone relating to the monitoring.

Mr. Ream responded that it was probably Ms. Roberts, our liaison to Natural Areas Programs Advisory Committee (NAPAC). This is the same group that brought the grazing policy to the Board.

Mr. Cordasco asked whether anyone from NRCS is on that committee.

Mr. Ream responded negatively.

Mr. Cordasco suggested that it would be a great advantage should there be an opportunity to have someone from NRCS join NAPAC. There would be a wonderful expertise addition to the Committee and would also provide some practicality to the Committee. It can get so overwhelming so quickly. If it is appropriate, it would be wonderful to offer a position on this Committee to someone out of UA.

Mr. Ream noted that nominations have closed for this year. He will see whether they received enough to fill the vacancies.

7. NAU Elder Hostel/House of Apache Fire

Chairman Porter requested the presentation be kept as brief as possible while understanding that the Board understands how important this is. There's a lot of money involved and there's a lot of importance here. It involves a state park. He believes the Board to be favorable to the concept, but there are certainly concerns about costs and other things.

Mr. Ream reported that he was introduced to Mr. Wayne Fox by Mr. Gary Arbeiter, Park Manager of this park, who provided him with a packet. He was excited about it and took it to Executive Staff. He brought it to the Board in July. The Board requested that Mr. Fox provide more details. The Board was favorable to the concept.

Messrs. Wayne Fox (former Director of the Elder Hostel and currently Assistant Dean of the College of Business), Tom Hays, and Richard Vaughn (Associate VP at NAU) were present to address the Board.

Mr. Fox gave a slide presentation on what the elder hostel concept is.

Chairman Porter requested that Mr. Fox get into the details of the project.

Mr. Fox noted that the first few slides dealt with the concept, conceptual design, and renderings. The idea is consistent with the missions of both Northern AZ University (NAU) and Red Rock State Park (RRSP); it is consistent with the Master Plan for RRSP in the 1980s. NAU is absolutely committed to sustainability.

Mr. Scalzo asked if there would be an alternate energy system for the buildings and dorms.

Mr. Vaughn responded that it would be a green building. He doesn't know how far into design they have gone.

Mr. Fox noted that NAU is in favor of renewable energy. They are doing a 4-acre renewable energy park on campus.

Mr. Scalzo noted that the utility companies will sometimes partner to pay for that.

Mr. Fox stated that NAU will have one of two Leeds Platinum buildings in the US.

Mr. Fox stated that one of the reasons he believes this project is financially viable for NAU is they have had a very long-standing hostel program. NAU has the number 1 program in the country. They have had more than 80,000 participants at their program at NAU over the last 25 years. About 20% of the total enrollments are in the Sedona area. There is already clientele predisposed to education. They have large blocks of time for elder hostel programming. Just taking his existing programs now, it still frees up 27 weeks a year for their national environmental conferences, teacher education, research, and other environmental uses. The elder hostel program makes the cash flow. They have expertise in the area of sustainability.

Mr. Fox noted that he's been in Flagstaff for 25 years and has been fairly active in the community. NAU is a fairly invisible institution. He believes this would be a tangible, visible contribution.

Chairman Porter noted that the Board is very aware of NAU. What the Board needs to understand at this meeting is what is to be put on the park, where it will be put, what's it going to cost the Board, and what's in it for the Board.

Ms. Stewart noted that one of the slides refers to more user fees. She asked if they anticipate the people attending the elder hostel paying a user fee.

Mr. Fox responded that they haven't really discussed amounts. He would think there would be some kind of daily user fee.

Ms. Stewart asked if NAU would lease the property.

Mr. Fox responded that this will work if the land is given or leased at no cost.

Ms. Stewart asked if the Board would receive any of the revenues from people coming to the program.

Mr. Fox noted that's more of an issue. To make the cash flow, he's looking at between \$5M and \$8M in terms of infrastructure and construction. That's a lot of debt service. In terms of donations, it has been his experience that just those going through the program gave a little over \$100,000 per year.

Ms. Stewart noted this would allow 25 weeks or so per year for ASP or other entities to use the facility. She asked if that means ASP would have to pay to use its own property.

Mr. Fox responded that is still open to negotiation. There are obviously food costs, occupancy, etc., that would have to be considered.

Mr. Cordasco asked what NAU's obligation is to pay back that \$5M-\$8M.

Mr. Fox responded that the final configuration to accomplish the task is unknown. It is still an issue that will take a lot serious thought.

Mr. Cordasco asked who would have the debt.

Mr. Vaughn responded that it would be NAU's debt. There will be no debt assumption or guarantee or any kind of liability by ASP.

Mr. Scalzo asked if they are looking for a free land lease for 20 years.

Mr. Vaughn responded that it would be for the length of the debt.

Mr. Cordasco asked what the next step would be.

Mr. Fox responded that the next step would be for the Board to decide that this concept deserves additional conversation. He hoped that the Board might enter into a Memorandum of Understanding (MOU) or a draft Intergovernmental Agreement (IGA).

Chairman Porter requested to see some schematics of the project.

Mr. Fox referred to several slides showing schematics.

Ms. Stewart asked how much Mr. Fox thought the units would rent for when not being used by elder hostel.

Mr. Fox responded they had not discussed that yet. He uses \$50/night double occupancy just to have a number. That would be very conservative.

Mr. Cordasco asked if NAU would develop a business plan if the Board takes the next step.

Mr. Fox responded he already put one together internally.

Mr. Cordasco stated that he is so pleased with everything about it. The Board could talk all day about the positives and potential opportunities. He believes the Board should spend some time talking about the next step.

Ms. Stewart asked if there were any plans for the House of Apache Fire.

Mr. Fox referred to a slide showing re-stabilization of the House of Apache Fire. The building will be made accessible. They originally thought it would be the primary educational classroom facility. The current thinking is to build a larger educational facility closer to the living units and use the House of Apache Fire as a second venue for outdoor activities.

Ms. Stewart asked if they are proposing to lease the land where the new buildings will be built or are they also proposing to lease the House of Apache Fire. If they do that, what access would be available to regular park visitors. It seems as though one of the benefits in going forward would be for people to be able to wander over to see these green buildings.

Mr. Fox responded that there are many details to be worked out. With the current configuration, the public access to the House of Apache Fire goes up incrementally because it's not the sole classroom environment. It is his perception that whether it's a land lease or usage of House of Apache Fire it has to be bundled, multi-use.

Ms. Stewart stated that she would hate to have something that restricts the park visitors. Ms. Stewart requested the representative from Red Rock Benefactors speak prior to the Board making any kind of motion.

Mr. Tom Hays, Chairperson of the Red Rock Benefactors of Red Rock State Park (RRB), addressed the Board. Their mission is to provide financial support to projects primarily for environmental education projects at the park and to try to raise public awareness of the park's mission, developing partnerships in the community that can support the park's mission, being advocates for the park and trying to support the cost of natural education at the park. Given that, one might think this is a strange bedfellow to be supporting a development mission in the park. They spent a long time thinking about the benefits of this development – particularly in the area of increasing public awareness with a much wider scope of participants who can come and experience the educational experience at the park. Secondly, in developing partnerships they have been working with many groups in the Sedona area. This is something that gives a huge opportunity to really evolve and grow and enhance the impact of the educational program here. It seems like a real win/win situation for the park, for the state of Arizona, and for NAU's elder hostel program. He believes that, that as the Board goes forward, the details regarding an MOU, the financial picture, the usage agreements, and the management of the resource all need to be worked out keeping the usage and constraints consistent with the nature of the park.

Board Action

Mr. Cordasco: I move that the Board authorize staff to move forward to develop a Memorandum of Understanding with NAU to come back to the Board.

Mr. Scalzo seconded the motion. The motion carried unanimously.

Mr. Scalzo stated he thought this was an exciting proposal and hoped similar things can be done at some of our other state parks.

Mr. Woodling asked if elder hostel has used this facility before. Where did these people stay prior to this concept and is the concept of studios and places to stay due to the increase in cost of staying in Sedona? Is it an effort to keep hostel affordable to the people who come.

Mr. Fox responded that his history with elder hostel goes back to about 1990 when people were staying in tents. It is a challenge to use commercial facilities in town. These are not high-ticket operations. He stated that RRSP can be a number one environmental field site in the country.

10. Picket Post House

Mr. Ream reported that over the past 15 years the Picket Post House has been alternately for sale and not for sale. Because of an illness in the family, they are expediting their sale of the Picket Post House and the property surrounding it (about 3500 acres). He has called Ms. Tina Rose, the principal at the Picket Post House, and asked her to wait two weeks before listing this with a realtor so he could bring this issue to the Board and to the Boyce Thompson Arboretum (BTA) Board who meets next week

to come up with some strategy so that the Picket Post House could become part of BTA. He doesn't have any strategies right now.

Ms. Stewart stated she feels it's very important that the Board try to acquire the property. It adds a whole new dimension to BTA. With the foundation BTA has, the Board would get support more so than if we were just doing something on our own. She thinks there is an opportunity. She thinks that people in that part of the country are very involved in preserving their history. She sees it as something that could be developed into an asset for the parks system. Obviously, the Board has financial problems in terms of pulling it off.

Chairman Porter noted that this property has been parceled into 3 separate parcels and they want a total of \$3.5 million for all of them. Below it says brokers competitive market analysis suggests a range value of \$1.25 - \$1.75 million. He asked is the \$1.25-\$1.75 million for all three parcels combined.

Mr. Ream responded that, while they have done an appraisal on the property, they sent staff a letter rather than the appraisal. Staff have not yet asked for a copy of that appraisal. He believes their appraisal possibly came in lower than their asking price. That doesn't mean they won't entertain the first person who walks up with \$2 million and take it.

Chairman Porter asked if staff is at all familiar with how they divided the property out. For example, would the Board really need all three of those parcels. Or, is some of that land not needed if the main thing the Board wants is to preserve the house and its immediate environs.

Mr. Ream responded that if the Board can purchase 30 acres adjacent to a park as part of one purchase, he would probably encourage the Board to do so if funds were available. If the Board can only afford the house, that's fine. Who know what will be built up between it and the road.

Ms. Stewart agreed that it would be too risky to not get it all.

Mr. Ream added that it grows BTA. He could go on all day about why the Board should do it. How to do it is something else.

Chairman Porter stated that he gathers they are looking for an answer from the Board today. The recommendation would be that the Board authorize staff to negotiate purchase. While that doesn't obligate the Board, *per se*, it gives staff permission to negotiate. He asked if this is at all feasible.

Mr. Ream responded that he does have one small idea. If a member or two from this Board would meet with a member or two from the BTA board to begin a coalition to purchase the Picket Post House whether they use the resources of the UA or the resources of the State of Arizona – they might be able to come up with something that would be agreeable to all.

Chairman Porter noted that the only thing the Board would do today would be to authorize staff to negotiate. Obviously, if negotiations don't result in something then it

doesn't. There is no commitment to purchase; the Board is simply saying to negotiate and that the Board is in favor of purchasing it if it can be negotiated to make it work.

Mr. Ream noted that it's hard to negotiate when one has no money.

Chairman Porter agreed and asked if the Board is just wasting their time by even authorizing negotiation.

Mr. Ream responded that if the public/private group can get together, there're important people on both boards who have a certain amount of political influence – more than he and Mr. Travous have as staff of a state agency. It is not within ASP's means right now to do it as an agency.

Chairman Porter noted that, in response to the statement that if two people from this Board would meet with two members of BTA's board, virtually anyone on this Board would be willing to do that.

Mr. Travous suggested this would be a good time for him to go into his discussion on long-range planning.

Chairman Porter suggested the Board hold off making this decision until after the discussion on Long Range Planning.

Mr. Siegwarth noted that the BTA board meets next Thursday and Friday. He agrees that this is part of the big picture that the Board should move on.

Mr. Woodling noted that if the appraisal comes in at \$2M, the Board can go that high and no more as a state agency but other foundations or companies could go beyond that. Right now there's a big gap in what the appraisal may show and what the owner is asking. He asked if he is correct in that the Board cannot go beyond the value of the appraisal.

Mr. Ream responded Mr. Woodling is correct. There are other considerations such as tax write-offs. It is possible owners could donate the difference in order to offset a tax liability. Certainly, if the Board only has \$1M and are \$2.5 million short, he's not able to talk to them.

Mr. Travous requested the Board hold off taking any action until after the discussion on Long Range Planning. He believes the Board needs to understand just where things stand. There are tensions even within the organization itself.

Chairman Porter tabled action on this issue until after the Board discusses Long Range Planning and apply standards that may come out of that discussion.

1. Long Range Planning

Mr. Travous noted that he had a 10-15 minute presentation to demonstrate to the Board how we got where we are. He spent some time with the Board last July discussing how the agency began, how it expanded. That presentation also included discussions that took place internally over the past couple of years. He asked attendees of the Teamwork Training Conference (TTC) two years ago to send in ideas of what they would do if the agency were to look at more conversation type growth. The discussion

last time centered on who we are. We are a lot of things to a lot of people; it depends on where one stands when looking at ASP.

Mr. Travous noted that there are challenges the Board and staff are facing right now that are both internal and external. The internal challenge is financial – it is our biggest challenge. ASP had a business plan staff were working under up until 3-4 years ago when our budget was cut asunder. Staff have had to completely abandon that business plan because there was no money for capital. Rather than using it for acquisition and development, staff are waiting for things to break down and then calling it a major capital investment when we should be putting money (if we had it) into an ongoing maintenance proposition.

Mr. Travous stated that the other internal issue is our identity. Our visitors view us one way; they come in and see a nice place like this but they don't see what it takes to get it there. Local governments and non-profits look at ASP to help them out as best we can. Recruitment and retention continues to be a problem. Government does not pay well. When looking for skilled people in key positions, it's hard to find the right people when we're paying less than anyone else.

Mr. Travous noted that he has talked to the Board about the retirement tsunami. In the next 4-5 years we could have 40% of our workforce gone from the organization.

Mr. Travous reported that, externally, the agency is in some interesting political situations. Staff are in a Board vs. Agency situation such as we have not been in the past. He suspects that Game and Fish has been there because they are larger and older than ASP. It used to be that Boards were treated differently than agencies. The Governor says, "Do this"; it goes to the Director; to the Deputy Director, etc. ASP is big enough now and important enough to the Governor now, that we are getting orders from the Governor. ASP is now getting direction from the Governor and the Governor's staff to get engaged in a number of projects as well as getting directions from the Board. Staff have this two-headed administrative thing that they have been able to balance off pretty well over the years. Now, we have an activist Governor from the standpoint that she is not a *laze faire* Governor. She works hard all the time and expects the people around her to work at that pace. He has meetings that used to be held once a month every Tuesday morning by conference calls. The Directors are expected to be on the call regardless of where they are. The participants include Game and Fish, ASP, Land Dept., DEQ – all the natural resources agencies.

Mr. Travous noted that this Board vs. Agency scenario puts staff in a two-footed area trying to ensure that everyone is engaged and understands. For instance, the Sedona Fire Department made sure the Governor's Office knew that they were looking for a partner and making sure that the Governor's Office was OK and getting that information to the Board. It's a lot more complicated than it used to be.

Mr. Travous added that the government interaction and workload has increased dramatically, in large part due to 9/11. We now have Business Continuity Plans in place now that details how state government would continue to operate should there be a catastrophe. This is something we never thought about before. Next week, in lieu of

Cabinet Meeting, he will participate in a mock emergency with the Governor and all agency heads to see just how ready we are.

Mr. Travous stated that the big picture in agency funding is discussed. It's almost as though if it's not big enough they don't pay attention to it. If we're going to ask for things, we need to ask for big things because they seem to wipe away the small things.

Mr. Travous noted that externally, as we look forward organizationally, areas that are being plotted out now are what people used to think was open space but is no longer going to be open space. They just don't know it yet because they don't go out to see the plots. The location of our parks are still in rural areas and we don't have a lot of people who go to bat for the agency because we don't have parks in their area. That continues to be a problem. There is a need to do something to attract the Hispanic population.

Mr. Travous reported that there are some positives. We have a dedicated workforce. Of the people who work for the agency, 99% come to us and work for us because they love what the agency does. Because they do love what we do, we try to use inspiration to keep them working at less-than-adequate wages.

Mr. Travous noted that we are a very adaptive agency. We are small enough that we can be adaptive. Because they are adaptive Mr. Siegwarth can go to his Admin staff and tell them what needs to get done and they knock themselves out doing it.

Ms. Stewart noted that she attended the TTC and was amazed at the quality of staff we have with the levels we are paying them and how enthusiastic they were. She met a lot of people she wouldn't normally have interacted with across-the-board.

Chairman Porter noted he saw that this morning when he stopped in at Slide Rock on the way down. It was so early he didn't think anyone would be there. He sat around and talked with them for a long time. They talked about the fire and all sorts of things. He hadn't expected to experience the enthusiasm and attitude levels.

Ms. Stewart noted that it goes even to the business staff. She met people from that area who have the same enthusiasm.

Mr. Travous noted that it makes it a joy to go to work. We are still a "white hat" agency. People like the agency. They like what we do. We have a good reputation with state and local government for the types of things we do and the types of things we try.

Mr. Travous added that he believes we have a top notch computer support staff. We'd be lost right now if we didn't have our computer support staff who keep us connected electronically. They have really allowed us to increase our productivity. They are now exploring ways to make videoconferencing viable throughout the agency.

Mr. Travous noted that there are some opportunities coming up. The agency is celebrating its 50th Anniversary. The Heritage Alliance is discussing the Heritage Fund Part II. They will meet this fall. He suspects the Governor will be re-elected so there won't be a big transition. There have been legislative inquiries about our budget. Staff heard a few weeks ago that Jake Flake was looking at picking up the gauntlet and

ensuring we get full funding back. That is real good news. The budget picture doesn't look so sour that he won't be able to do it.

Mr. Travous stated he is proposing a strategy not just for staff but for the staff and Board corporately. The first thing that needs to be done is within the next 30 days make our case with the administration regarding our budget. He understands that he and Mr. Cordasco have a meeting with Lori Faeth of the Governor's Office on October 25 to discuss the agency's needs.

Ms. Stewart asked if they would be taking photographs of problems at parks with them.

Mr. Travous responded that he has pictures of the warts. He will provide the Board with 9-10 photographs that will show the cracks in the buildings and other problems.

Ms. Stewart noted that when the Governor came to McFarland for the AZ Treasures Tour some of those cracks were pointed out to her. Mr. Travous may want to let her know they have gotten even bigger.

Chairman Porter noted that the idea of Mr. Cordasco meeting with the Governor's Office came as the result of a conversation he, Mr. Travous, and Mr. Cordasco had a week or so ago. Mr. Travous joined the meeting via telephone and faxed his Strategy report (pages 9-10 in the Board Packet). He and Mr. Cordasco were rather astounded because it totally changed their whole perspective and focused their thinking. From that discussion, they tried to ascertain the best strategy. They came to the conclusion that with Mr. Cordasco as, presumably, the incoming Chairman next year and being the first of this Governor's appointees to this Board plus his credentials from the Babbitt Ranches connection plus the fact that he has really focused a lot of the Board's thinking along where we want to go that he would be the ideal person to help sell this whole thing. We have a problem and we badly need everyone to focus on it.

Mr. Travous noted that next year staff will be bringing people in to the 50th Anniversary and have to show them things the Governor wouldn't want them to see.

Ms. Stewart responded that the Board does want them to see it. She noted that the Board is not trying to get people to feel that they need to do something for us; even the public should be aware of those things.

Chairman Porter noted that the bottom line is that the Board would rather not have these problems for people to see. That's the message that needs to get out. This is Arizona; this is Arizona state property. It's being allowed to deteriorate into cracks.

Ms. Stewart noted that perhaps the agency has done too good a job of hiding those things in the past.

Chairman Porter suggested that maybe we should stop.

Mr. Travous noted that he and Mr. Ream sit down and argue each other's hearts out. He has all the respect in the world for Mr. Ream, and Mr. Ream has some for him. Mr. Ream has his heart set on the Picket Post House. He has to tell the Board that there is nothing we can do about it without jeopardizing other things the Board has in the system right now. If we are going to use something like this it has to be as another way

to go to some other person, like Jake Flake, and say, "Here's another picture; here is something else that will go by the wayside because you are not putting the money you need into the park system. If we go out and try to solve it ourselves and come up with some way, then we risk everything else – no one sees our problems – and they don't have the impetus to help us put it together. That's why he wants the Board to know that we have got to get this foundation done and use it as a springboard. He loves the Picket Post House – that copper roofed room was incredible. But we have to use it in such a way that they don't think we can do it because we can't without jeopardizing another part of the ranch. You don't build something if something else you need is going to fall down. The message to Mr. Flake and others needs to be here are these opportunities that are falling apart because have not paid attention to us through benign neglect.

Ms. Stewart stated that it also ties in with the fact that growth has come faster than people expected. Therefore, these opportunities will not continue to be there. The Picket Post House is a good example. Who would have thought 5-10 years ago that we would be where we are now with the population moving out there and prices rising and land being grabbed up.

Mr. Travous noted that we need to show them that not only are we missing opportunities but we are hiding our problems.

Chairman Porter noted that if staff can provide guidance to the Board he felt everyone on the Board will be perfectly happy to go sit down with whomever staff felt they should. He believes that the Board would be very happy to dive in and help.

Ms. Stewart added that in addition to those photographs, it would be helpful to have a ballpark idea as to what it will cost just to make it safe.

Mr. Travous responded that staff will provide the Board with talking points.

Mr. Travous noted that the Heritage Alliance will meet next week. They need to know what we need after the election. If Heritage Fund Part II comes about it could really change a lot of things for us. They are not just looking at capital needs but operational needs as well.

Mr. Travous stated that there are people ready to help; we need to share the responsibility. We need volunteers, volunteers, volunteers. Over the next 5 years, if we concentrate on that part of what we do we can augment our workforce with people who are retiring in such a way that specific needs can be filled.

Mr. Travous stated we need to be more proactive in issues of growth. We've been silent about them generally. We've paid attention to our parks but, in the future, we need to be more proactive in talking about growth in general and as it impacts people in the state – not just state parks.

Mr. Travous stated we have to market who we are. He doesn't want to get into discussions of changing our name. Perhaps we need a series of campaigns where for two years we say we're "Arizona State Parks – The Conservation People" and gear our marketing effort in that area. Then, or perhaps prior, it's "Arizona State Parks – The

Open Space People". We need to do more to demonstrate our involvement in Conservation and then the Environmental arena.

Chairman Porter stated he liked the concept of Open Spaces, then the Stewards of our Culture, and then look in terms of being the Conservation People. After all of that, perhaps we can call ourselves The Spirit of Arizona. He likes the concept.

Mr. Travous noted there are a host of other things he can bring to the Board that includes getting all of the buildings to Leeds standards. However, he thinks the things he's brought forward today need to come first.

Mr. Travous added that it includes how we look at the interaction between the Board and him and the organization. He would like to spend less of his time administratively (giving up some of his control) and spend more of his time with Board members and looking at the big picture. Rather than talking about the management of this 20-acre parcel on the Verde, let's spend that time looking at the Verde Valley and determining the 10 essential things that will keep the Verde River flowing for the next 2 generations and really start working our way toward those types of things where we ourselves broker and help others to broker within the Valley (including SRP, TNC, etc.) to ensure that we pass along a generation of people who are looking at the big picture.

Chairman Porter stated he agrees to this extent. The Board are still going to have to spend a certain amount of time with the nit-picking details because they have to approve purchases, etc. The Board probably shouldn't be looking to Mr. Travous for the answers. That is something Mr. Travous will have to let his staff do and he will have to become uninvolved in it to some extent. In turn, the Board's relationship with Mr. Travous will have to be one of the larger picture. He asked Mr. Travous if he can give up that power.

Mr. Travous responded that he knows he tends to get more involved in high-profile, high-risk situations regardless of where they happen. If something high-profile is going to happen, he is drawn to it like a moth to fire. He is particularly drawn to high-risk areas.

Chairman Porter asked Mr. Cordasco for comments.

Mr. Cordasco suggested that the Board soak all of this in now. He doesn't think he wants to spoil Mr. Travous' comments by getting too involved in talking about it. It was an extraordinary message and each Board member probably has ideas about it. He believes the Board needs to talk among themselves more about what they do with this message rather than try to critique it or add to it right now. How do we move forward with what we need to do to start talking about a strategy in the future.

Chairman Porter suggested that the Board needs to understand that Mr. Travous has already given the Board something that they all know they have to do – address the budget process. He's given the Board a program over a very short period of time over the next few weeks because that is when the dye will be cast. Perhaps the Board needs to simply concentrate on Mr. Cordasco meeting with the Governor's staff, getting the remainder of the Board programmed with whom they should try to see in the next few weeks. He is willing to come to Phoenix to meet with "X". He believes that everyone

on this Board will be willing to do as much as they can over the next few weeks. He believes this needs to be brought back in November to do an assessment on how it is going.

Mr. Cordasco asked if it is appropriate for the Board to discuss the message to take to the Governor. His interest in going to the Governor is to be very strong. He doesn't think there's any reason to hold back or be polite but go in there and really lay it out.

Mr. Travous noted that the first meeting is with Lori Faeth. He talked with Mr. Winkleman about this because he knows the Governor better than anyone. He said he would start with Ms. Faeth and end up going to Mr. George Cunningham because he does all of that. The meeting with Ms. Faeth will be Mr. Cordasco's and his. Mr. Cunningham will get very technical very fast. It would be helpful but not necessary to have Mr. Cordasco at that meeting. The message from the Board is, "We appreciate what you did, but here's what we need."

Chairman Porter stated he believes the bottom line to be the need for help. The Governor gave the Board a job – a trust. The Board is trying very hard to meet that trust and are not getting the financial support from the state necessary to carry out this mission to do the things that need to be done. The Board are barely keeping their heads above water just to keep the parks open and to meet all the specific requirements that have to be met. The Board are missing golden opportunities such at the Picket Post House. It is an embarrassment to him to have to tell Mr. Finks we as a park entity can't take over this spectacular piece of historic property that he is willing to give to the Board and operate it as a state park because we don't have the money and can't give him any guarantees they could do what he wants done. We are missing opportunities; we have problems we can't fix because we have not had even a strong maintenance budget much less a true capital budget for years. It's catching up with us and if we don't get back to full funding in a hurry it will turn into a disaster. That's the message that needs to come across.

Ms. Stewart noted that that could be tied to the fact that the Governor has gone around the state on the State Treasures tours and she's designated several of our state parks as State Treasures and this is no way to treat your state treasures. We can do better and we have to do better.

Mr. Woodling noted he is politically naïve. He noted mention was made of one person from the Board going to see the Governor regarding their budget. He gets on the Board and hears that the Governor's recommended budget for ASP was less than the legislature's. Then he reads where there's some real combative decisions between our Governor and the Senate leader. If the Board goes to the Governor about our budget and then go to Sen. Flake, will we get in the middle of a political war between two people who respect each other but don't like each other. He doesn't know how this Board should approach this issue.

Mr. Ziemann responded that the specifics are very important when dealing with some of these political issues. The Governor's and the legislature's recommendations nearly identical for the past few years. That meant no one was discussing our budget. The only time there's a discussion on your budget is if the numbers are substantially

different. Last year we needed to bump the budget because we were experiencing significant problems and there was no capital money. There were operational issues, too, that needed to be addressed. The Governor and the legislature gave us a little to keep us afloat and in the black.. Through conversations he had, particularly with the Senate President and Senate leadership, it was decided we should have more funding in our budget. Capital issues needed to be addressed. They had \$1B and that's the time to address those issues. He did not have as much success meeting with the House leadership. At least when they went into the room to discuss the budget, the Senate was in favor of more money; the House was leaning more to the legislature's original budget, and the Governor's Office was at their original number. The frustration was that we had at least half of the legislature on our side and hoped that would convince them to adopt those numbers. What staff discovered was that we needed to get Executive Budget Office on board initially. Essentially what happened, whatever surplus was there the Governor had already made decisions as to where that money should go. It is good to hear that Sen. Flake is committed. He's well educated on the agency. It is critical to get the Governor in our corner. Benign neglect won't cut it any more. We need to show that we are at a crisis. The 50th Anniversary is a wonderful thing. But one point that could be made with the Governor is that we want her to come to these events, but it could be embarrassing for her. It could be embarrassing to have the media and public there and see the House of Apache Fire that's had a chain link fence around it for 5-6 years.

Chairman Porter noted that it strikes him that what needs to be done is slightly back off and let Mr. Cordasco do his thing initially and then if there are further follow-up issues that staff feel the Board should be doing, fine. It occurs to him that the Board may need to see what changes occur in the legislature.

Mr. Cordasco asked if the Governor allocated any of the surplus money in a significant way to natural resource efforts.

Mr. Ziemann responded it went to the Rainy Day Fund, All-Day Kindergarten, K-12.

Mr. Woodling noted he hadn't received an answer to his question. If the Governor comes in with her budget from her office as a wonderful request for ASP, will that set off some heartburn at the Senate that causes it to become a chip to tradeoffs.

Mr. Travous responded that Sen. Flake has already made a commitment. There might be some tradeoff. He doesn't believe there is that kind of animosity where out of spite they would not do it.

Chairman Porter noted that the Board still needed to deal with the Picket Post House issue. He noted that perhaps the only way the Board will deal with it is going to be to try to convince the Governor and the legislature that this is something that needs to be done and that if it will be done they will have to come up with the money to buy it. He asked if there would be any harm if the Board gave staff permission to pursue negotiations if the money can be found through partners such as UA, BTA Foundation, etc. He would hate to pass it up.

Mr. Ream responded that, as part of our due diligence for any acquisition, the appraisal process is begun. The best part of this idea is that when staff start talking to people

about the need to get our budget in order before any purchase could take place, they start going back to their friends and legislature about starting to support ASP. In response to a question as to whether a formal Board motion was necessary, he stated that he could take a letter from the Board to the Chairman of the BTA.

Chairman Porter asked if staff wanted a motion authorizing them to pursue negotiations.

Mr. Siegwarth stated that he believed it is important for the BTA Board to hear that this Board is very supportive of trying to acquire the property because it is an important part of the park. He feels they need to hear that the Board is willing to work towards that end. The other issue is that for us to participate financially, the Board needs to have its budget fixed in the next session in order to participate financially. He believes they would understand that until the legislative session is done, there would be a question mark about the need for their help. He believes that is the essence of what the BTA Board would like to hear. The Board has never formally said yes it is important and that they are supportive. They also need to understand that the Board cannot financially purchase it now.

Board Action

Ms. Stewart: I move that the Board is supportive of the acquisition of the Picket Post House. However, the Board is unable to participate financially in that until its budget gets fixed. The Board would like BTA's support in getting our budget to a level that enables us to make tactical purchases.

Mr. Scalzo seconded the motion. The motion carried unanimously.

Mr. Cordasco asked if the Board approved some sort of agreement between the development next door to RRSP and how it is doing.

Ms. Hernbrode noted that that issue is not on the Agenda.

F. CALL TO THE PUBLIC

There was no public waiting to be heard.

G. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

- 1. Staff recommend the next meeting to be held on November 16, 2006, in Oro Valley or Sonoita Creek**

Mr. Cordasco asked if there is a specific reason to meet in the southern part of the state next month. If there's not, he believes the Board needs to continue with the discussion they just had here. He asked if it would be possible to meet in Phoenix where the Board can just sit down and continue the discussions about the strategy, the meeting with the governor, etc., without everyone having to go all that distance. He appreciates that Mr. Woodling has to come up from Tucson. At the same time, why make a big trip to go down south if what we really need to talk about is the strategy issues.

Chairman Porter noted that originally he proposed to take it down there because we thought we might be in a position to open Sonoita Creek. It will open November 3. He asked if there will be a grand opening.

Mr. Ream responded affirmatively. Invitations were mailed yesterday.

Mr. Scalzo noted that he has a conflict that morning from about 8:00-10:30 a.m. If the Board meets in Phoenix, he might be able to make part of the meeting.

Chairman Porter stated that, unless he hears objections, the November 16 meeting will be in Phoenix.

2. Board members may wish to discuss issues of concern and request staff to place specific items on future Board meeting agendas.

Mr. Cordasco requested a brief presentation on Marketing. A year or so ago the Board discussed the Diamondbacks and other things. He'd like to know how that all turned out.

Mr. Ream noted that the Off-Highway Advisory Group would like to make a presentation.

Ms. Stewart suggested they make their presentation as part of their nominations for members.

Ms. Hernbrode requested there be provision for her report on Friends and for an Executive Session for legal advice.

Mr. Ream requested an update on 50th Anniversary.

Mr. Cordasco requested continuation of the strategy discussion.

Ms. Stewart noted that the 2007 proposed meeting schedule needs to be on the Agenda.

Chairman Porter requested that if Board members have additional items they would like included on the November Agenda that they e-mail him an individual e-mail listing those items. He, Mr. Cordasco, and Mr. Travous will confer telephonically in early November and put the Agenda together.

Ms. Hernbrode advised that Board that it is perfectly appropriate under the Open Meeting Law to do so as long as the Board members are not doing it as advocacy (i.e., I would like to talk about X and I think we should do Y).

G. ADJOURNMENT

Mr. Cordasco made a motion to adjourn. Mr. Woodling seconded the motion. The meeting was adjourned at 12:25 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Karen Farias, (602)364-0632; or TTY(602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

William C. Porter, Chairman

APPROVED:

Kenneth E. Travous, Executive Director